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Code Administrator Consultation Response Proforma

CMP470: Introducing an Oversubscribed Technologies

Commitment Fee

Industry parties are invited to respond to this consultation expressing their views and supplying the rationale for those views, particularly in respect of any specific questions detailed below.

Please send your responses to cusc.team@neso.energy by **5pm** on **30 June 2026**. Please note that any responses received after the deadline or sent to a different email address may not receive due consideration.

If you have any queries on the content of this consultation, please contact cusc.team@neso.energy

Respondent details	Please enter your details	
Respondent name:	Stephen Clarke	
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Phone number:	+44 7951 784 426	
Which best describes your organisation?	<input type="checkbox"/> Consumer body <input type="checkbox"/> Demand <input type="checkbox"/> Distribution Network Operator <input checked="" type="checkbox"/> Generator <input type="checkbox"/> Industry body <input type="checkbox"/> Interconnector	<input type="checkbox"/> Storage <input type="checkbox"/> Supplier <input type="checkbox"/> System Operator <input type="checkbox"/> Transmission Owner <input type="checkbox"/> Virtual Lead Party <input type="checkbox"/> Other

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I wish my response to be:

(Please mark the relevant box)	<input checked="" type="checkbox"/> Non-Confidential (<i>this <u>will be shared</u> with industry and the Panel for further consideration</i>)
	<input type="checkbox"/> Confidential (<i>this will be disclosed to the Authority in full but, unless specified, <u>will not be shared</u> with the Panel or the industry for further consideration</i>)

For reference the Applicable CUSC (non-charging) Objectives are:

- i. *The efficient discharge by the Licensee of the obligations imposed on it by the Act and by this licence*;*
- ii. *Facilitating effective competition in the generation and supply of electricity, and (so far as consistent therewith) facilitating such competition in the sale, distribution and purchase of electricity;*
- iii. *Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency **; and*
- iv. *Promoting efficiency in the implementation and administration of the CUSC arrangements.*

* See Electricity System Operator Licence

**The Electricity Regulation referred to in objective (iii) is Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity (recast) as it has effect immediately before IP completion day as read with the modifications set out in the SI 2020/1006.

For reference, (for consultation question 5) the Electricity Balancing Regulation (EBR) Article 3 Objectives and regulatory aspects are:

- a) *fostering effective competition, non-discrimination and transparency in balancing markets;*
- b) *enhancing efficiency of balancing as well as efficiency of national balancing markets;*

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- c) integrating balancing markets and promoting the possibilities for exchanges of balancing services while contributing to operational security;*
- d) contributing to the efficient long-term operation and development of the electricity transmission system and electricity sector while facilitating the efficient and consistent functioning of day-ahead, intraday and balancing markets;*
- e) ensuring that the procurement of balancing services is fair, objective, transparent and market-based, avoids undue barriers to entry for new entrants, fosters the liquidity of balancing markets while preventing undue market distortions;*
- f) facilitating the participation of demand response including aggregation facilities and energy storage while ensuring they compete with other balancing services at a level playing field and, where necessary, act independently when serving a single demand facility;*
- g) facilitating the participation of renewable energy sources and supporting the achievement of any target specified in an enactment for the share of energy from renewable sources.*

What is the EBR?

The Electricity Balancing Regulation (EBR) is a European Network Code introduced by the Third Energy Package European legislation in late 2017.

The EBR regulation lays down the rules for the integration of balancing markets in Europe, with the objectives of enhancing Europe's security of supply. The EBR aims to do this through harmonisation of electricity balancing rules and facilitating the exchange of balancing resources between European Transmission System Operators (TSOs). Article 18 of the EBR states that TSOs such as the NESO should have terms and conditions developed for balancing services, which are submitted and approved by Ofgem.

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Please express your views in the right-hand side of the table below, including your rationale.

Standard Code Administrator Consultation questions		
1	Please provide your assessment for the proposed solutions against the Applicable Objectives against the current baseline.	Mark the Objectives which you believe the proposed solutions better facilitates than the current baseline:
		Original <input type="checkbox"/> i <input type="checkbox"/> ii <input type="checkbox"/> iii <input type="checkbox"/> iv <input checked="" type="checkbox"/> None
		WACM1 <input type="checkbox"/> i <input checked="" type="checkbox"/> ii <input type="checkbox"/> iii <input type="checkbox"/> iv <input type="checkbox"/> None
		WACM2 <input type="checkbox"/> i <input checked="" type="checkbox"/> ii <input type="checkbox"/> iii <input checked="" type="checkbox"/> iv <input type="checkbox"/> None
		WACM3 <input type="checkbox"/> i <input checked="" type="checkbox"/> ii <input type="checkbox"/> iii <input checked="" type="checkbox"/> iv <input type="checkbox"/> None
		WACM4 <input type="checkbox"/> i <input type="checkbox"/> ii <input type="checkbox"/> iii <input type="checkbox"/> iv <input checked="" type="checkbox"/> None
		WACM5 <input checked="" type="checkbox"/> i <input checked="" type="checkbox"/> ii <input type="checkbox"/> iii <input checked="" type="checkbox"/> iv <input type="checkbox"/> None
		WACM6 <input type="checkbox"/> i <input type="checkbox"/> ii <input type="checkbox"/> iii <input type="checkbox"/> iv <input checked="" type="checkbox"/> None
		Our assessment is driven by proportionality. We continue to accept that material oversubscription of a technology (notably BESS) distorts network planning and imposes costs on consumers, and that a commitment-fee mechanism can in principle better facilitate objectives (i), (ii) and (iv) by streamlining the connection queue. However, that is only true where the mechanism is calibrated to remove genuinely unviable capacity without driving out viable-but-constrained projects.

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		<p>Original – None. The escalating £3k–£25k/MW securities floor, with no project-specific cap and applied through to energisation, is in our view disproportionate. It risks penalising viable projects (and projects with naturally low securities, e.g. bay-sharing) for circumstances outside the developer’s control, with an anti-competitive bias against smaller developers. We do not consider it better facilitates the Applicable Objectives than the baseline.</p> <p>WACM1, WACM2 and WACM3 – (ii) and (iv). Each adds a proportionality feature the Original lacks: WACM1 caps the OTCF at the project’s own maximum lifetime securities; WACM2 disappplies the OTCF once Queue Management Milestones (to M8) are met; WACM3 combines a lower liabilities floor (max £8k/MW) with that milestone disapplication. Each better aligns the fee with a project’s actual commitment and reduces the risk of squeezing out viable projects, so each better facilitates effective competition (ii) and efficient, proportionate administration (iv).</p> <p>WACM5 – (i), (ii) and (iv). WACM5 combines all these features – a two-tier structure (£1k–£4k/MW pre-Trigger Date, £2k–£8k/MW post-Trigger Date), the project-specific cap (as WACM1) and milestone disapplication (as WACM2) – while retaining the targeted co-located exemption. It therefore most effectively streamlines the queue and supports efficient network planning (i) without undermining competition and is the option that best facilitates the Applicable Objectives in our view.</p>
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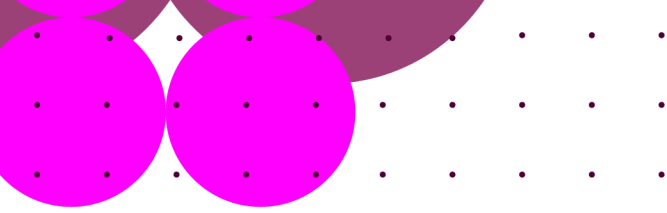
		<p>WACM4 and WACM6 – None. Both remove the exemption for genuinely incremental co-located projects. A co-location that connects after the host technology, with no increase in TEC and minimal network impact, does not drive the oversubscription the modification targets; charging it in full is disproportionate and discourages efficient use of existing connection infrastructure (WACM6's project cap does not offset this). We therefore do not consider WACM4 or WACM6 better facilitate the Applicable Objectives than the baseline.</p>
2	Do you have a preferred proposed solution?	<p> <input type="checkbox"/>Original <input type="checkbox"/>WACM1 <input type="checkbox"/>WACM2 <input type="checkbox"/>WACM3 <input type="checkbox"/>WACM4 <input checked="" type="checkbox"/>WACM5 <input type="checkbox"/>WACM6 <input type="checkbox"/>Baseline <input type="checkbox"/>No preference </p> <p>WACM5 is our preferred solution. It is the most proportionate of the seven options and best reflects the principles we set out at Workgroup Consultation: a meaningful commitment signal that drives genuine queue attrition, without the open-ended, escalating 'pay-to-stay' exposure that would deter the capital</p>

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		<p>needed to deliver Clean Power 2030 and post-2030/2035 capacity. In particular, WACM5:</p> <ul style="list-style-type: none"> • Sets lower, two-tier £/MW levels (£1k–£4k/MW pre-Trigger Date; £2k–£8k/MW post-Trigger Date), proportionate to a project’s distance from energisation, rather than the Original’s £3k–£25k/MW; • Caps the OTCF at the maximum security the project would itself have faced absent CMP470 (as WACM1), preventing projects with naturally low securities (e.g. bay-sharing on existing substations) from being disproportionately penalised – addressing our concern with the floor mechanic; • Disapplies the OTCF once Queue Management Milestones (to M8, Project Construction) are met (as WACM2), removing the open-ended exposure to energisation that we objected to in the Original; and • Retains the targeted exemption for genuinely incremental co-located projects, which WACM4 and WACM6 would remove. <p>Taken together, these features preserve the investor risk profile required for delivery while still delivering the attrition the modification seeks. Subject to the drafting points raised at Q4 (including the co-located exemption threshold), WACM5 is a clear improvement on the Original and our preferred implementation.</p>
3	Do you support the proposed	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

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	implementation approach?	<p>Yes. We support the implementation and activation approach, which is common to all options: implementation 10 Business Days after the Authority's decision, with activation deferred to the first biannual securities statement after both (a) all CMP435 G2tWQ offers have been signed or lapsed and (b) all first CMP434 Gated Window Applications have been assigned a Gate 1 or Gate 2 status.</p> <p>As we noted in the Workgroup Consultation, it is right that the OTCF does not bite before these offers have settled, so that natural queue attrition and flexible-connection assessments can run their course first. We also welcome NESO's discretion (with Ofgem overrule) not to activate or escalate the fee where circumstances do not warrant it.</p> <p>This support is given on the basis that our preferred solution.</p>
4	Do you have any other comments?	Click or tap here to enter text.
5	Do you agree with the Workgroup's assessment that the modification <u>does not</u> impact the Electricity Balancing Regulation (EBR) Article 18 terms and conditions held within the Code?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
		Click or tap here to enter text.



Internal



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